

SUPPLEMENTAL REBUTTAL TESTIMONY

OF

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**WATER DEPARTMENT
FINANCIAL ANALYSIS DIVISION
ILLINOIS COMMERCE COMMISSION**

SILVERLEAF RESORTS, INC.

DOCKET NO. 01-0827

NOVEMBER 18, 2003

1 **INTRODUCTION**

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3 **Q. Are you the same William D. Marr who submitted Direct and Rebuttal**
4 **Testimony in this proceeding?**

5 A. Yes, I am.
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7 **Q. What is the purpose of your Supplemental Rebuttal Testimony?**

8 A. The purpose of my Supplemental Rebuttal Testimony is to respond to questions
9 raised by the ALJ during the Status Hearing on October 28, 2003 for Silverleaf
10 Resorts, Inc. ("SRI" or the "Company") regarding the rates and terms and
11 conditions of service for the two-customer proposal alternative.
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13 **STAFF PROPOSED TWO-CUSTOMER RATE SCENARIO**

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15 **Q. Under the two-customer proposal, please clarify the proposed rates that**
16 **you recommend SRI to charge for water and sewer service to the Fox River**
17 **Resort?**

18 A. I recommend that the Illinois Commerce Commission ("ICC" or "Commission")
19 approve SRI's proposed rates and billing for water and sewer service to two-
20 customers (Silverleaf Club and Fox River Sales and Member Services) at the Fox
21 River Resort. (Marr, RTTY, pp. 2, 10, 34) SRI proposes to charge \$57.11 per
22 connection per month for water service, and \$152.55 per connection per month

for sewer service. (See ICC Staff Exhibit 4.01 for the rate schedules for water and sewer service to the Fox River Resort). (Marr, RTTY, p. 10)

SRI proposes to separately bill Silverleaf Club and Fox River Sales and Member Services on a monthly basis for water and sewer service at the Fox River Resort. Silverleaf Club will be responsible for all service connections to the (186) timeshare units, (6) RV campsites, (18) cabins, (3) housekeeping department coin operated washing machines and restrooms, (1) registration restroom, (2) swimming pools, and (1) picnic area restroom, for a total of 217 connections for water and sewer service at the Fox River Resort. Fox River Sales and Member Services would be responsible for all service connections to the (2) sales and member services buildings at the Fox River Resort where the sale of timeshare units takes place and where tours of the premises are arranged. (Marr, RTTY, pp. 10-11)

For example, SRI will bill Silverleaf Club \$12,392.87 per month (\$57.11 per connection per month x 217 service connections) and Fox River Sales and Member Services \$114.22 per month (\$57.11 per connection per month x 2 service connections) for water service at the Fox River Resort. SRI will also bill Silverleaf Club \$33,103.35 per month (\$152.55 per connection per month x 217 service connections) and Fox River Sales and Member Services \$305.10 per month (\$152.55 per connection per month x 2 service connections) for sewer service at the Fox River Resort.

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Q. How does the two-customer rate scenario compare with that presently used by the Company in other states?

A. SRI bills Silverleaf Club for water and sewer utility service to the timeshare units at the Texas and Missouri resorts. SRI does not directly bill the individual timeshare owners for water and sewer utility service to the timeshare units at the Texas and Missouri resorts. The Texas and Missouri Commissions approved of the two-customer billing structure, as proposed in this proceeding. (Marr, RTTY, p. 28) SRI bills the two-customers on a monthly basis for water and sewer service at the Texas and Missouri resorts. Therefore, the proposed method of billing for water and sewer service to two-customers at the Fox River Resort is identical to the method of billing at the Texas and Missouri resorts.

The proposed rate design for water and sewer service at the Fox River Resort is the same as the Texas and Missouri resorts, except that there are no proposed usage charges for the Fox River Resort. Costs are not allocated based on usage because none of the service connections at the Fox River Resort are currently individually metered. (Marr, RTTY, pp. 11, 33-34 and Marr, TTY, p. 19) The exact amount of water usage at the Fox River Resort is not known or available because the water usage is not metered. (Marr, TTY, p. 19) Usage charges for water service at the Fox River Resort have not been calculated thus far because there are no meters in place. (Marr, TTY, p. 20)

I recommend that the Commission require a master meter to be installed to measure all water usage to the Fox River Resort, and also require a downstream meter to be installed to measure water usage to the sales buildings. (Marr, TTY, pp. 21-22) The water usage on the master meter, less the water usage on the sales buildings meter, would determine the water usage of the Silverleaf Club. (Marr, TTY, p. 20) This manner of metering best matches the existing plumbing configuration of the Fox River Resort. (Marr, TTY, p. 22) As a result of this required metering, Staff could design rates based on usage in a future rate case.

**STAFF PROPOSED TARIFFS (TERMS AND CONDITIONS OF SERVICE) UNDER
THE TWO-CUSTOMER PROPOSAL**

Q. Please explain Staff's proposed tariffs for water and sewer service to the Fox River Resort for the two-customer proposal?

A. Staff's proposed tariffs for water and sewer service to the Fox River Resort would apply to two-customers: Silverleaf Club and Fox River Sales and Member Services. The tariffs define the Customer as the party contracting for water and/or sewer service.

I continue to recommend that the Commission not approve SRI's proposed tariffs for water and sewer service to the Fox River Resort because SRI's proposed tariffs are in contradiction of Commission rules and regulations. (Marr, TTY, p.

18) I recommend that the Commission approve the Rules, Regulations, and Conditions of Service Tariffs, as included in ICC Staff Exhibits 2.01 and 2.02. (Marr, TTY, p. 18 and Marr, RTTY, pp. 11-12) These tariffs were compiled previously by Staff, provided to other Illinois regulated utilities, and approved by the Commission in several different Docketed proceedings, most recently in Docket No. 02-0592 for Del Mar Water Company. (Marr, TTY, p. 18)

Q. How do Staff's proposed tariffs differ from the terms and conditions of service in other states?

A. SRI's proposed tariffs for water and sewer service conflict with Commission regulations and Staff's proposed tariffs as identified in my Direct Testimony on pages 10-18. Staff's proposed tariffs were designed to comply with the Commission's regulations. SRI agreed to accept the ICC Staff's entire proposed tariffs in lieu of the utility's proposed tariffs from its other jurisdiction (Texas) rather than just those select provisions that Mr. Marr identifies as being in direct conflict with the Illinois regulations. (Lahart, Am. RTTY, pp. 13-14)

CONCLUSION

Q. Have your recommendations changed from your Rebuttal Testimony?

A. No. The proposed rates, billing, and tariffs discussed above are supplemented only to clarify my position regarding the two-customer alternative. I have not

114 changed my recommendations as stated in my Rebuttal Testimony on Lines 762-
115 773.

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117 **Q. Does this conclude your Supplemental Rebuttal Testimony?**

118 **A. Yes.**